

AMENDED IN ASSEMBLY SEPTEMBER 6, 2001

AMENDED IN ASSEMBLY AUGUST 20, 2001

AMENDED IN SENATE MAY 24, 2001

AMENDED IN SENATE APRIL 5, 2001

SENATE BILL

No. 1172

Introduced by Senator Kuehl

(Principal coauthor: Assembly Member Koretz)

February 23, 2001

An act to add Section 9601.6 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1172, as amended, Kuehl. Municipally owned electric utilities.

(1) Under existing law, a municipality or municipal corporation may operate as a public utility to supply its own electric service. Existing law also authorizes a municipality to sell, lease, or distribute surplus power outside of its corporate limits.

This bill, on or before July 1, 2002, would authorize any retail customer or local agency that owns or occupies a contiguous property located within more than one service area, one of which includes the service area of the Los Angeles Department of Water and Power, that takes electrical service from that department and another electrical service provider, to ~~take electrical service for the entire property from a single electrical service provider~~ *enter into a direct transaction contract with that department to provide service to that portion of the contiguous property not currently served by that department, as authorized by that department. The bill would provide that a party to a*

direct transaction contract who owns and operates an electric distribution system within the property served is not subject to specified charges for the term of the direct transaction contract entered into.

The bill would authorize the Public Utilities Commission to limit the right of a retail customer or local agency that purchases power from an electrical corporation to purchase power from the Los Angeles Department of Water and Power to ensure satisfaction of any power purchase obligation or bond obligation incurred by the Department of Water Resources to procure power to serve that customer, except that the bill would authorize that customer to elect service from the Los Angeles Department of Water and Power at any time upon payment to the Department of Water Resources of ~~any uncollected amounts equivalent to that department's net unavoidable cost of power procurement~~ *specified costs*.

(2) The bill would declare that, due to unique circumstances surrounding the provision of power by the Los Angeles Department of Water and Power, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 9601.6 is added to the Public Utilities
 2 Code, to read:
 3 9601.6. (a) ~~On~~ *Notwithstanding any other provision of law*
 4 *or decision or rule of the commission, on or before July 1, 2002,*
 5 *any retail customer or local agency that owns or occupies a*
 6 *contiguous property located within more than one service area,*
 7 *one of which includes the service area of the Los Angeles*
 8 *Department of Water and Power, that takes electrical service from*
 9 *that department and another electrical service provider, may take*
 10 ~~electrical service for the entire property from a single electrical~~
 11 ~~service provider, as authorized by the Los Angeles Department of~~
 12 ~~Water and Power.~~ *electrical service provider, may enter into a*
 13 *direct transaction contract with that department to provide service*
 14 *to that portion of the contiguous property not currently served by*
 15 *that department, as authorized by that department.* The right of the
 16 retail customer or local agency to take electrical service from such

an electrical service provider is not subject to ~~Section 9601 or subdivisions (a) and (c) of Section 9601 or Section 9602~~. This section modifies or abrogates Section 9602 only to the extent that the retail customer or local agency elects to obtain electrical service from a local publicly owned electric utility or an electrical corporation.

(b) This section does not authorize the Los Angeles Department of Water and Power to ~~provide additional electrical service to the customers~~ *enter into direct transaction contracts with the customers* described in subdivision (a), if the total amount of ~~additional electrical service~~ *megawatts subject to those contracts* exceeds 50 megawatts per day.

(c) The commission may limit the right of a retail customer or local agency described in subdivision (a) that purchases power from an electrical corporation to purchase power from the Los Angeles Department of Water and Power pursuant to this section, but only to the extent the commission determines is necessary to ensure satisfaction of any power purchase obligation or bond obligation incurred by the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code to procure power to serve that retail customer or local agency.

(d) Notwithstanding subdivision (c), a retail customer or local agency described in subdivision (a) may elect service from the Los Angeles Department of Water and Power at any time pursuant to this section, upon payment to the Department of Water Resources ~~of any uncollected amounts equivalent to that department's net unavoidable cost of power procurement, including any financing costs, attributable to that customer or local agency, as determined by that department. The Department of Water Resources' net unavoidable cost shall be calculated as the difference, if any, between that department's total actual procurement costs and the rates collected by that department from the customer or local agency during the term of service. Any amounts due pursuant to~~ *of an amount equal to the difference, if any, between the Department of Water Resources' total actual procurement costs, including financing costs, and the rates collected by the Department of Water Resources from that retail customer or local agency during the term of service. In addition, the retail customer or local agency shall pay an additional amount equal to the*

1 *Department of Water Resources’ net unavoidable cost of future*
2 *power procurement, including any financing costs, attributable to*
3 *that retail customer or local agency, as determined by the*
4 *Department of Water Resources. Any amounts due pursuant to this*
5 *section for the purchase of power may be payable in installments*
6 *over a term coincident with the term of bonds issued to finance the*
7 *purchase of that power.*

8 (e) As used in this section, “electrical corporation” means an
9 electrical corporation, as defined in Section 218, serving the
10 customers for which the Department of Water Resources is
11 procuring power pursuant to Division 27 (commencing with
12 Section 80000) of the Water Code.

13 (f) *Notwithstanding subdivision (b) of Section 9601, for the*
14 *term of a direct transaction contract entered into pursuant to this*
15 *section, if a party to the contract owns and operates an electric*
16 *distribution system within the property served, that party is not*
17 *subject to the payment of a nonbypassable generation-related*
18 *transition charge as authorized by paragraph (2) of subdivision*
19 *(a) of Section 367.*

20 SEC. 2. The Legislature finds and declares that, due to unique
21 circumstances surrounding the provision of power by the Los
22 Angeles Department of Water and Power, a general statute cannot
23 be made applicable within the meaning of Section 16 of Article IV
24 of the California Constitution, and the enactment of a special
25 statute is therefore necessary.

